CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA
REGULAR MEETING

JULY 5, 2006

CALL TO ORDER:
Mayor Lavagnino called the Regular Meeting of the City Council to order at 6:30 p.m.

INVOCATION:
Assistant City Manager Haydon gave the invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG:
Councilmember Trujillo led the pledge of allegiance.

ROLL CALL:
MEMBERS PRESENT
Councilmembers Orach, Patino, Trujillo, and Mayor Lavagnino

MEMBERS ABSENT:
Councilmember Mariscal

STAFF MEMBERS PRESENT
City Manager Ness, City Attorney Trujillo, Assistant City Manager Haydon, Police Chief Macagni, Director of Community Development Lindsey, Planner II Shipsey, Fire Chief Ortiz, Director of Utilities Chisam, Solid Waste/Utilities Engineer Zhao, Principal Civil Engineer Nybo, Recreation Services Manager Rodriguez, Accounting Manager Harvey, Risk Manager Cashmore, and Records Coordinator/Deputy City Clerk Garietz.

PUBLIC COMMENT
Bob Ziener spoke about a presentation he made to the Planning Commission regarding the placement of a replica of the flagship Santa Maria in the downtown area.

CONSENT CALENDAR
Consent Calendar Items A through N were approved with the indicated action on motion by Councilmember Orach, seconded by Councilmember Patino, and carried on the following vote:

AYES:	Councilmembers Orach, Patino, Trujillo, and Mayor Lavagnino
NOES:	None
ABSENT:	Councilmember Mariscal
ABSTAIN:	None

A. ORDINANCES
The reading in full of all ordinances and resolutions was waived. Ordinances on the Consent Calendar are adopted by the same vote cast at the first reading unless City Council indicates otherwise.

B. MINUTES
The Minutes of the Regular City Council Meeting of June 20, 2006, were approved as submitted.

C. RELEASE OF BONDS
Council accepted as complete certain public improvements and authorized the release of bonds posted in conjunction with Bradley Square, Tract 5782, including a Faithful Performance Bond for Phases 1, 2, & 3 in the reduced amount of $250,000 for construction and installation of public improvements; a Faithful Performance Bond for Phases 4, 6 & 7 in the reduced amount of $500,000 for the construction and installation of public improvements; and a Faithful Performance Bond for Phases 5, 8, & 9 in the amount of $3,038,936 for the construction and installation of public improvements, with

an order that the Contractor, Labor and Material Bonds be held until January 2007 and the Guarantee and Defective Material Bonds be held until July 2007.

D. CLASSIFICATION CHANGES
Resolution No. 2006-100 was adopted approving certain classification changes pursuant to the 2006-07 budget, and Resolution No. 2006-101 was adopted amending the City's Conflict of Interest Code to reflect those changes.

Resolution No. 2006-100 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING NEW CLASSIFICATIONS, MODIFICATIONS TO SPECIFICATIONS, RECLASSIFICATIONS, ADJUSTMENTS TO SALARY RANGES, AND ABOLISHING CLASSIFICATIONS AS A RESULT OF THE ADOPTION OF THE 2006-08 BUDGET.

Resolution No. 2006-101 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AMENDING APPENDIX "A" OF THE CONFLICT OF INTEREST CODE FOR DESIGNATED FILERS OF THE CITY OF SANTA MARIA.

E. GRAND JURY REPORT
Council approved the City's response to the Santa Barbara County Grand Jury Report entitled "Legal Services in Santa Barbara, the Very High Prices for Comprehensive Representation" and instructed the Mayor to sign and directed the City Manager to transmit the Council's response to the Presiding Judge of the Superior Court and the Grand Jury.

F. GRAND JURY REPORT
Council approved the City's response to the Santa Barbara County Grand Jury Report entitled "Emergency Sheltering, Emergency Medical Response, Emergency Public Information, Emergency Operations Center" and instructed the Mayor to sign and directed the City Manager to transmit the Council's response to the Presiding Judge of the Superior Court and the Grand Jury.

G. PEG ACCESS TELEVISION CHANGES
Resolution No. 2006-102 was adopted establishing the name of the City's Public, Education and Government (PEG) Television Access operation as Santa Maria Community Television, establishing the PEG Board make-up at three members with two staggering terms of office, and approving new bylaws.

Resolution No. 2006-102 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ESTABLISHING THE NAME OF ITS PUBLIC, EDUCATION AND GOVERNMENT (PEG) TELEVISION ACCESS OPERATION AND ESTABLISHING THE PEG BOARD MAKE-UP AND BYLAWS.

H. WARRANTS
Warrant Nos. 128050 to 128410 in the amount of $4,804,674.94 were ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Administrative Services. Warrant No. 127984 was canceled.

I. PAYROLL
Payment of payroll was ordered ratified subject to having been certified by the proper Department Heads, as shown on records on file in the Department of Administrative Services and having been approved for payment by the Director of Administrative Services.

J. ENTERTAINMENT LICENSE
Council approved an Entertainment License for La Hacienda Restaurant located at 312 W. Main Street to allow entertainment every other Friday during the hours of 7:00 p.m. to 11:00 p.m. and on Sundays during the hours of 11:00 a.m. to 1:00 p.m.

K. ANNUAL OPERATING AGREEMENTS
Resolution Nos. 2006-103, 2006-104, and 2006-105 were adopted approving annual operating agreements with the Santa Maria Valley Chamber of Commerce, Santa Maria Valley Historical Society, and Santa Maria Museum of Flight for the period of July 1, 2006, through June 30, 2007.

Resolution No. 2006-103 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING AN ANNUAL OPERATING AGREEMENT WITH THE SANTA MARIA VALLEY CHAMBER OF COMMERCE.

Resolution No. 2006-104 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING AN ANNUAL OPERATING AGREEMENT WITH THE SANTA MARIA HISTORICAL SOCIETY.

Resolution No. 2006-105 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING AN ANNUAL OPERATING AGREEMENT WITH THE SANTA MARIA MUSEUM OF FLIGHT.

L. APPROPRIATION LIMIT
Resolution No. 2006-106 was adopted setting the City of Santa Maria's appropriation limit for the fiscal year July 1, 2006, through June 30, 2007, for purposes of complying with Proposition 4, Senate Bill 1352, and Proposition 11.

Resolution No. 2006-106 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, SETTING AN APPROPRIATION LIMIT FOR FISCAL YEAR 2006-07.

M. CALL FOR BIDS
Council gave approval to call for bids on the plans and specifications for Street Overlay, Bid No. 2007/04.

N. BOULEVARD STOP
Resolution No. 2006-107 was adopted approving the establishment of a boulevard stop at the intersection of Suey Road and Jones Street stopping southbound traffic on Suey Road at Jones Street.

Resolution No. 2006-107 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ESTABLISHING A BOULEVARD STOP AT SUEY ROAD AND JONES STREET PURSUANT TO SECTION 7-5.20 OF THE SANTA MARIA MUNICIPAL CODE.

BRADLEY EAST SPHERE OF INFLUENCE STUDY EXPANSION
Planner III Shipsey gave the staff report. An annexation petition was received for the Bradley Ranch/Elks area on May 31, 2002, which was referred to the Planning Commission on August 6, 2002. The original proposed annexation consisted of about 1,671 acres with about 2,030 acres proposed for inclusion in the Sphere of Influence. Over the intervening years, several issues have been raised resulting in multiple meetings and discussions with different affected property owners. Staff initiated correspondence to the property owners and met with owners and agents.

The original project began with 1,671 acres and included the Bradley property and the Santa Maria Elks Recreation property. The southern property owners were later added to include 351 acres to the project. When the City annexed the water reservoir site, the Bradley Family property encircled the Thompson Family's 59 acres so it was added to the project as well. An additional 161 acres was later added, which includes Prell Road and east of the water reservoir. The revised project area now includes 2,242 acres for proposed concurrent annexation.

The Land Plan is essentially the same as was presented three years ago with the golf course, large lots around the southeastern hills, and Elks Recreation. This is the consensus Land Plan that was provided to the property owners in May 2006 with a letter

asking if they supported the project. Land Uses and Circulation Plans are still being negotiated.

Mayor Lavagnino asked if the uses depicted on the map could change.

Planner III Shipley indicated these are conceptual land uses from the point that the City has negotiated 99 percent of the land uses with the property ownership.

Mayor Lavagnino asked what the final date was for a property owner on the eastside to be included in this annexation.

Planner III Shipsey indicated that no date has been specifically set, but it is getting very close. He continued stating that a comprehensive environmental document needed to be prepared to address the Land Use Amendment, Prezoning, Circulation Plan, Sphere of Influence Amendment, and Annexation. A 3-year timeline has been established to annexation. This timeline does not include potential complications from land use disputes that might occur between property owners or adoption of a Specific Plan. It simply covers the Environment Impact Report complete to annexation, with a cost of approximately $500,000. With 2,242 acres, the assessment is $225 per acre; which when compared to the last Sphere of Influence study, the cost per acre is comparable.

Mayor Lavagnino stated that they were several options for the property owners to pay their assessment which includes amortizing over a long period of time.

Planner III Shipsey stated that the land use equity, pre-project expenses, and financial burdens for infrastructure are not being addressed in this annexation, and the property owners are aware of this. There will be one or more specific plans coming before the City Council to address development issues and potential additional environmental review.

Correspondence from the .05 percent owners who are opposed to the annexation has been received. It indicates that with the land use changes staff is recommending, there will be 100 percent consensus for the project.

78.6 percent of the property owners have opted to make payments to pay for the project, either monthly or in 6 payments over the 3-year period. The payments may be potentially deferred up to five years with the receipt of a development application to parcel the property. If this occurred, then payment would be due. The amount potentially to be deferred would be 21 percent. Included in the deferral percentage is the 16 percent of the owners who did not respond in writing. Once the written responses are received, it is possible that the deferral will be less. The cost estimate of the project is $500,000. The City will act as the financing authority for 21 percent of the cost of the project or approximately $100,000.

Staff is recommending that Council expand the project area to the 2,243 acres, authorize staff to continue working on the finalization of the land plan with the property owners to the point that 100 percent consensus is received, continue processing the revised project, and at some point in the future request Council authorization to enter into a contract for an Environmental Impact Report (EIR) with a consulting firm. The stated purpose of this project is to get the land annexed into the City limits.

Mayor Lavagnino asked if the project will go forward with only 75 percent consensus of the property owners' participation.

Planner III Shipsey explained that without 100 percent consent of the property owners the LAFCO Executive Officer holds a majority protest hearing. At that hearing, a 50 percent plus one is necessary to deny an annexation.

Mayor Lavagnino indicated that he didn't think that would happen, particularly when one landowner holds 1,600 acres of the full project.

Planner III Shipsey clarified that if the landowner with 1,600 acres decides to vote no, then there is no annexation and all other landowners lose contiguity.

Planner III Shipsey indicated that the concept is to build into the EIR a variety of land uses that will grant the property owners the flexibility to use that EIR for as long as possible.

Community Development Director Lindsey stated that we are clearly in that 99 to 100 percent agreement level. Some finessing of the land uses will likely be done, but for the most part there is consensus and agreement with this land use plan. He noted that this is a major achievement. He explained that property could be added to the annexation, but when it gets to the point of preparing the EIR what they'd like to see is a project description that is not going to change very much.

Laura Tamura, Urban Planning Concepts, spoke on behalf of the southern landowners, which includes the area surrounding the Elks Rodeo facility. She mentioned that there are a lot of different landowners each with their own needs, wants, and desires as to what will happen to their property. They have all agreed to participate in this process and all recognize that the concept land plan is a proposal that's going to go through environment review. She noted that there is some reservation with the property owners as to their particular piece of property and want to make sure that there is some flexibility as they go through this process. She thinks that discussions over the next three years will get the process moving and be able come to some consensus on Specific Plans, Capital Improvement Plans, and Financial Analysis so that by the time all of it comes together it can be presented to LAFCO as a full package. She proposed having only one environmental review and subsequent documents, rather than full EIR on subsequent projects. Lastly she discussed that normally with an annexation that full rights of way are included. The way this project is laid out now, there are only one half rights of way on Union Valley Parkway and Telephone Road. That maybe be one of the discussion points with the southern landowners and the Telephone Road landowners as to what is actually annexed into the City for road maintenance. They are pleased to move forward with this process, but recognize that there is still a lot of work to be done.

Kieran Adam, representing the Adam Family Trust which is one of the southern landowners, spoke regarding a letter he provided to Planner III Shipsey. He discussed that the Adam Family Trust is in favor of being annexed into the City as well as development in that general vicinity. He mentioned that Adam Family Trust is one of the landowners that is not 100 percent behind the conceptual land use plan. At this point, over 33 percent of their property is now designated as a school site. Recognizing the need for schools and the constraints facing schools, his family believes that it is a higher burden on his family than it is on some of the other landowners. He also discussed that the current plan has Santa Maria Way as a "T" ending at the property boundary, not going to Telephone Road as a direct route. He suggests that a closer look be given to where the points of intersection to the highway are placed. These intersections are being set for the next 20 to 50 years, and whether the City grows beyond or to Telephone Road in the future, you want to keep lanes of traffic so their can be other development. His family believed this was a conceptual plan and there is going to be room for changes in the future.

Mayor Lavagnino indicated that the Thompson Family had some of the same concerns regarding school sites. He assured the Adam Family Trust that this plan was conceptual and would be resolved over the next few years.

Councilmember Patino requested assurance that the burden of the schools is not just placed on one or two property owners.

Mayor Lavagnino noted that some of the school sites take up a good portion of the property for these landowners, and did not think it was fair.

On motion by Councilmember Patino, seconded by Councilmember Orach, and carried on the following vote:

AYES: Councilmembers Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: Councilmember Mariscal
ABSTAIN: None

Staff was directed to expand the project area, authorize minor revisions to the Land Plan concept, continue processing the revised project and return one or more Environmental Impact Report proposals for consultant selection.

MEMORANDUM OF UNDERSTANDING AND AMENDMENT NO. 1 TO AGREEMENT
Director of Utilities Chisam gave the staff report. The first item is a Memorandum of Understanding (MOU) with the County of Santa Barbara to haul landfill cover material over the County maintained road system. Under this MOU, the City will be responsible for the maintenance of Philbric Road from East Betteravia Road to the end of East Main Street until December 31, 2012. The City's responsibilities include reconstruction, fog seal, and chip seal of Philbric Road. The City would also be responsible into perpetuity for the operation and maintenance of the portion of East Main Street that is currently outside the City limits. Additionally, the City will pay the County thirty-five cents ($.35) for every ton up to 2.5 million tons of impacted soil transported to the landfill using the County's road system. The second part of this item is Amendment No. One to the impacted soils reuse agreement between the City and Chevron Environmental Management Company and Union Oil Company. Under this amendment to the current agreement, Chevron will pay the City two dollars ($2.00) per ton for impacted soils transported from the Guadalupe Restoration Project. This payment is in addition to the regular NHIS fees paid to the City. This amounts to a total estimated revenue of $2 million to $2.75 million for the approximately 860,000 cubic yards of impacted soil expected from the Guadalupe Restoration Project.

Mayor Lavagnino reminded the public that the two items before the Council were relative to the MOU with the County of Santa Barbara for the County maintained road system and Amendment No. One to the Impacted Soils Reuse Agreement with Chevron. Council would accept testimony on these two items only and not on other points unrelated to the MOU or the Amendment agreements.

Director of Utilities Chisam gave an overview of the Santa Maria Landfill, some of the past issues and challenges that the landfill has endured, some of the present programs, and what the future direction is. The MOU with the County and the Amendment to the Chevron agreement are important components of the overall goals and objectives that the City has for the landfill.

Toru Miyoshi spoke about his overall concerns about the project and the restriction of testimony to the MOU and Amendment only. He requested a ruling from the City Attorney as to whether the testimony could be expanded to include staff's overview of the programs and future plans at the landfill.

City Attorney Trujillo responded that the subject matter before the City Council is the MOU and the Amendment. The only relevant information that the Council can receive would be related to whether or not these two action items should be undertaken or not, and any considerations that should go into that.

Toru Miyoshi commented that the MOU only covers repairing and maintaining Philbric Road, and not other County roads that are impacted by the Santa Maria Landfill project. He understood that the transportation route for the project included use of Bonita Lateral Road to Hwy. 166 and Brown or Black Road to Betteravia and then to Philbric Road. He indicated that he attended a hearing at the Coastal Commission where a letter of support for an appeal was submitted by the Santa Maria Bonita Elementary School District on the basis that they were not informed of the particular hauling route and therefore were concerned about the health and welfare of the students, as well as the noise impacts.

Mayor Lavagnino stated that the Elementary School District rescinded their letter of support for the appeal, as well as the High School District, and that the Coastal Commission had those letters prior to their decision.

Toru Miyoshi stated that he felt that the public had a right to know why the Districts rescinded their letters of support for the appeal.

Director of Utilities Chisman responded that those were actions predicated by the School Districts and the City was not privy to the reasons why they rescinded those letters, nor was it privy to the letters being developed.

Toru Miyoshi questioned the City's knowledge of the letters being rescinded. He discussed a brochure from CCRRI, which the City contracts with for NHIS services. The brochure claims that its customers include Unocal, Sempra, and RWQCB. After making contact with a geologist at RWQCB, he was informed that RWQCB was not a customer of the City's NHIS program; therefore, the brochure was misinforming the public. There are a lot of outstanding issues that need to be resolved before entering into an agreement with Chevron. He commented that Guadalupe received $900,000 from Chevron and wanted to know how much Santa Maria would receive for the impacts to the City's roads.

Director of Utilities Chisam indicated the information he received was incorrect and that RWQCB was one of the first customers to use the City's landfill. They have requested and placed NHIS materials in the City's landfill.

City Manager Ness responded to questions raised by Mr. Miyoshi. As outlined in the Amendment Agreement, the City of Santa Maria would receive $0.35 per ton of NHIS soil from Chevron. These fees would then in turn be paid to the County to provide for and maintain the road system along the haul route which is expressly identified in the MOU. In addition, he discussed the School Districts' letters to the Coastal Commission and subsequent rescission of the letters. He understands that once the Districts were informed that Bonita School Road and Crossing and Ray Road/Sitton Road would not be utilized as part of the haul route, they rescinded the letters on that basis.

Toru Miyoshi requested copies of the letters that were forwarded to the Coastal Commission rescinding the School Districts' support of the appeal, which were provided to him at the end of the hearing by the City Manager.

Tom Gibbons spoke on the MOU and believes that an Environmental Impact Report should have been completed. He expressed his concerns about streamlining the permitting process for soil haulers as details get overlooked.

David White spoke about the NHIS material and that it was originally designated as oilfield waste, largely dealing with crude oil. Limited amounts of other materials in the oilfields were going to be used to provide the capping layer. He believes that a different scenario is being presented. He is concerned that analysis has not been done to insure that kerosene distillate and the liners are compatible. The MOU refers to a perpetual requirement for maintenance of a portion of East Main Street. He believes that the term should be revised to reflect the potential for annexation and that a perpetual agreement could bind future City Councils. He requests that the term of the agreement be modified to 99 years and make it so there is no perpetual issue.

Mayor Lavagnino asked City Attorney Trujillo to advise on whether an agreement in perpetuity for roads would bind future City Councils.

City Attorney Trujillo advised that future City Councils would be bound to uphold this agreement and if they chose to change it, they would be in breach of this contract. It is legal to breach a contract, but if the road is annexed into the City then there would be no breach.

Mayor Lavagnino requested City Attorney Trujillo to take under advisement and discuss with the County a modified term of the agreement to 99 years.

Councilmember Trujillo commented that he has received positive remarks from the public about the things being done at the landfill.

Councilmember Patino asked about the lifespan of the geosynthetic liner.

Director of Utilities Chisam indicated that he didn't have the specifics on the lifespan of the liner, but that the RWQCB has approved this project and has looked at the materials the City is using and are supplying to this area. If there was any concern of contamination to the receiving waters, they would not approve the project.

Solid Waste/Utilities Engineer Zhao spoke about the liner material being utilized. He indicated that the geosynthetic liner was fabric sandwiched with clay. The clay is in perpetuity once it is in place and it will not decay.

Resolution No. 2006-108 was adopted on motion by Councilmember Orach, seconded by Councilmember Patino, with the change to the road maintenance term in the Memorandum of Understanding from "in perpetuity" to "99 years," and carried on the following vote:

AYES: Councilmembers Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: Councilmember Mariscal
ABSTAIN: None

Resolution No. 2006-108 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE 1) MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SANTA MARIA AND THE COUNTY OF SANTA BARBARA TO HAUL LANDFILL COVER MATERIAL OVER THE COUNTY MAINTAINED ROAD SYSTEM; AND 2) AMENDMENT NO. ONE TO THE IMPACTED SOILS REUSE AGREEMENT BETWEEN THE CITY OF SANTA MARIA AND CHEVRON ENVIRONMENTAL MANAGEMENT COMPANY AND UNION OIL COMPANY, COLLECTIVELY KNOWN AS CHEVRON.

REPORT BY CITY MANAGER

City Manager Ness reported on items for the next regular City Council meeting on July 18, 2006, including public hearings for the annual assessments for the City's four landscape maintenance districts, Williams Feedlot, and weed abatement; Cale-West Street Subdivision Tentative Tract Map; and a TEFRA hearing for Good Samaritan Shelter. A public hearing for an appeal by Michael Murphy of the issuance of a Certificate of Public Convenience and Necessity for Santa Maria Cab Company was continued from the June 20th City Council meeting to the July 18th meeting; however, Mr. Murphy has withdrawn his appeal. Mr. Murphy is continuing to pursue his claim against the City. The claim amount has risen from $3.5 million to over $6 million and he has threatened in writing litigation against the City. Council will also consider appointments to Boards and Committees at the July 18th meeting.

ORAL REPORTS OF COUNCILMEMBERS

Councilmember Trujillo attended an Independence Day function at Pioneer Park and had lunch with Police Chief Macagni. He appreciates it when he is approached by members of the public telling him what a good job the police and the Chief are doing.

Councilmember Patino attended the Pioneer Park picnic as well. She mentioned an article written by Kevin Dumain in the Santa Barbara News Press called "Out of the Past and Into the Future" about housing. What was interesting was that we can't keep doing things the same way, and that housing policy must reflect the needs of all. She went to the City of Corona with Planner III Shipsey to look at pre-fabricated houses and was amazed at how beautiful the homes were. Hopefully we'll be able to do something like that in Santa Maria.

Mayor Lavagnino mentioned Mattei's Landing housing development in Santa Maria which is similar and will provide approximately 400 units. He wished Guadalupe a happy 60th Birthday and participated in their anniversary celebration and events.

ADJOURNMENT
There being no further business to come before the City Council at this time, the meeting was declared adjourned at 7:55 p.m. by order of Mayor Lavagnino.

APPROVED

July 18, 2006
Date

Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council

ATTEST

Chief Deputy City Clerk

Mayor of the City of Santa Maria